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December 10, 1998

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW, Room TWB-204
Washington, D.C. 20554

Re: Ex Parte Meeting, CC Docket No. 98-147, Deployment of Wireline Services
Offering Advanced Telecommunications Capability

Dear Ms. Roman Salas:

On Wednesday, December 9, 1998, James Bolin and I, of AT&T, met with Carol Matthey and Jordan Goldstein of the Common Carrier Bureau's Policy and program Planning Division and Gregory Cooke of the Network Service Division. The purpose of this meeting was to discuss AT&T's views of the Commission's authority to modify or change LATA boundaries. AT&T's presentation here is consistent with its written comments in the above-referenced proceeding.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(2) of the Commission's rules.

Sincerely,

A handwritten signature in cursive script, appearing to read "F. Simone".

Attachments

cc: Carol Matthey
Jordan Goldstein
Gregory Cooke

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LATA Boundary Modifications

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Section 10(d) expressly forecloses piecemeal interLATA relief through LATA boundary modifications or waivers

As the Commission has found, § 706 is not a grant of additional powers, but merely directs the Commission to use “the authority established elsewhere in the Act” in support of advanced services.

Section 10(d) prohibits not only total forbearance from its requirements, but also partial or purportedly minor acts of forbearance.

Section 3(25)(B) provides only authority to make the types of administrative changes to LATAs made by the MFJ court.

- E.g., ELCS plans, ICO territory associations
- Minor modifications with minimal effect on interLATA competition

CC Docket No. 98-147
Deployment of Wireline Services Offering Advanced Telecommunications Capability

LATA Boundary Modifications

As the Commission has found, significantly altering or eliminating LATA boundaries would stifle RBOCs' incentives to open their local markets

Any attempt to limit LATA boundary modifications to provision of "data" services would be unworkable.

- *"Currently, 55 percent of our traffic is data," said Bell Atlantic Corp. Chairman Ray Smith. "In three to four years, 75 percent of our traffic will be data and 25 percent voice; it will be hard to tell one from the other when you consider voice over the internet."*

InternetWeek, March 2, 1998

There is no valid basis to permit RBOCs to provide what is currently interLATA transport.

- Interexchange market is highly competitive -- prices are close to cost
- No reason to believe RBOCs would have a cost advantage over IXC's -- unless they improperly subsidize advanced services or engage in discrimination
- Only existing RBOC interLATA links are their official services networks. These were built using local revenues and were not supposed to be used to compete in interexchange market

CC Docket No. 98-147
Deployment of Wireline Services Offering Advanced Telecommunications Capability
LATA Boundary Modifications

There is no evidence that LATA modifications are needed -- or that RBOCs are willing to serve purportedly underserved areas

The interexchange market is providing adequate capacity, even in the face of exploding demand -- and no RBOC has provided any reliable evidence to the contrary

Bell Atlantic's West Virginia petition is a warning, not an opportunity

- Unsupported allegations and anecdotes cannot provide a basis for LATA modifications
- Bell Atlantic continues to repeat its West Virginia claims both at the FCC and elsewhere, despite their utter lack of factual basis

US WEST conceded in congressional testimony that even with regulatory relief it would not give a "commitment" to a time frame for deployment.

- There is no reason to believe RBOCs' economics of serving rural areas differ from those of IXC's participating in competitive interLATA market.